

Objectives, Actions & Performance

Factsheet Tropical Fruits



CONTENTS

| 1 2 3 | Introduction Facts & Figures Transparency & Traceability | 3 | | | |
|-------------|---|---|-----|---------------------------|---|
| | | | 4 | Certification & Standards | 4 |
| | | | 4.1 | Bananas | 4 |
| 4.2 | Pineapples | 4 | | | |
| 4.3 | Other Fresh Tropical Fruits | 5 | | | |
| 4.4 | Fresh Fruits and Vegetables | 5 | | | |
| 5 | Supply Chain | 5 | | | |
| 5.1 | Business Partner Collaboration | 5 | | | |
| 5.1.1 | Supplier Evaluations | 6 | | | |
| 5.1.2 | ALDI Sustainability Assessments | 6 | | | |
| 5.1.3 | Dialogue with Suppliers and Producers | 6 | | | |
| 5.2 | Human Rights | 6 | | | |
| 5.2.1 | Human Rights Risk Assessment | 6 | | | |
| 5.2.2 | Human Rights Impact Assessment | 6 | | | |
| 6 | Stakeholder Dialogue & Capacity Building | 7 | | | |
| 6.1 | Alliance for Water Stewardship | 7 | | | |
| 6.2 | Ethical Trading Initiative | 7 | | | |
| 6.3 | German Retailer Working Group on Living Income and Living Wages | 8 | | | |
| 6.4 | IDH – The Sustainable Trade Initiative | 8 | | | |
| 6.5 | World Banana Forum | 8 | | | |
| 6.6 | Waste & Resources Action Programme | 8 | | | |
| 6.7 | Alliance for Grievance Mechanisms in Supply Chains – Appellando | 8 | | | |
| Conta | rt Info | Q | | | |



1 INTRODUCTION

Sourcing tropical fruits can present challenges related to human rights violations and environmental risks. To address these challenges, the ALDI SOUTH Group has developed its <u>Global Sustainability Strategy</u>, recognising that increasing the number of sustainably sourced products is key to driving social and environmental change. This applies to both our supply chain and our customers' purchasing habits. By collaborating with our business partners and stakeholders across the industry, we can achieve fair working conditions and ensure that the tropical fruit sold in ALDI SOUTH Group stores has been produced in an environmentally friendly way.

2 FACTS & FIGURES

100%

of bananas and pineapples sold in our European and US stores are independently certified since 2020

75%

of the pineapples supplied to the EU come from Costa Rica

• only 5%

of total production volume is represented by the combined exports of the four major tropical fruits, the remainder is consumed or otherwise utilised domestically



3 TRANSPARENCY & TRACEABILITY

Ensuring transparency in our supply chain is the foundation of our sustainability measures. We cannot ensure compliance with our requirements, analyse risks, monitor, or implement projects without knowledge of the origin of our products. We collaborate with our business partners to increase the transparency of our supply chains so that we can better understand the origin of each product we sell, and the raw materials used.

Bananas & Pineapple Suppliers

In 2023, we published the names and addresses of our direct business partners (Tier 1 suppliers) for bananas and pineapples. The information will be updated regularly. The list contains food suppliers used to produce ALDI SOUTH Group products as of November 2023 (excluding Australia-only suppliers and branded suppliers). All disclosed suppliers have given their consent for this information to be published.

Download the list as an Excel file here.

4 CERTIFICATION & STANDARDS

The ALDI SOUTH Group applies social and environmental standards for suppliers of bananas, pineapples, and other tropical fruits such as mangoes and avocados at the grower level. We use independent certification schemes when buying tropical fruit, which help us to promote environmentally and socially responsible practices in our sourcing.

4.1 Bananas



Since 2019, all ALDI SOUTH Group stores in Europe and the US exclusively offer bananas that are certified according to the <u>Rainforest Alliance</u> standard or organic bananas in combination with either <u>Fairtrade</u> certification or the <u>GLOBALG.A.P. Risk Assessment on Social Practice</u> (GRASP).

4.2 Pineapples



Nearly all pineapples sold in our stores in Europe and the US are certified according to the <u>Rainforest Alliance</u> standard. We also accept certification to the <u>SCS Sustainably Grown</u> or <u>Fairtrade</u> standard for pineapples in our supply chain.



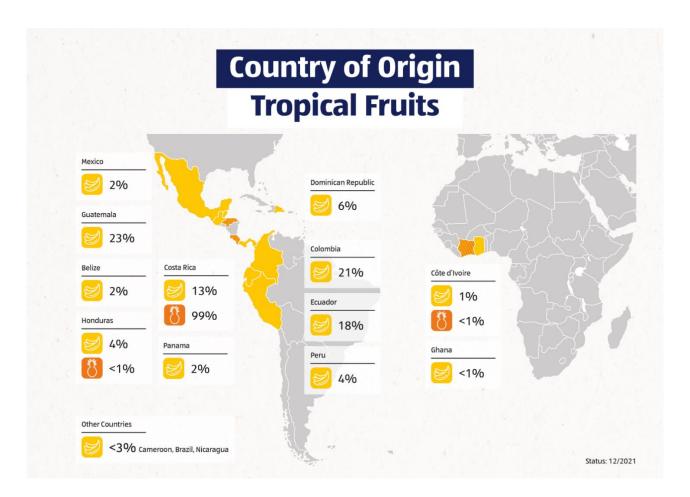
4.3 Other Fresh Tropical Fruits

For all other fresh tropical fruits, social compliance requirements at the farm level are based on a risk-based approach that considers third-party certifications or social audits, as well as good agricultural practices, and depends on the country where the fruit is grown.

4.4 Fresh Fruits and Vegetables

Starting from mid-2022, ALDI SÜD Germany, HOFER Austria, and ALDI SUISSE require a standard for responsible water management at farm level for our 15 best-selling fresh fruit and vegetables that originate from a water-critical region.

5 SUPPLY CHAIN



5.1 Business Partner Collaboration

Our business partners play a crucial role in implementing our commitments and ensuring compliance with our requirements throughout the supply chain. We foster open and constructive dialogues with our suppliers to improve the sustainability of the tropical fruit sector.



5.1.1 Supplier Evaluations

We have established annual Corporate Responsibility Supplier Evaluations (CRSE) that go beyond audits and integrate sustainability metrics into our buying decisions. The CRSE is a transparent and comparable evaluation based on quantitative and qualitative indicators that ranks suppliers from A to D. These indicators focus on the social and environmental risk management systems of our business partners, as well as their compliance management systems and the sustainability performance of their farms or production sites. The indicators are derived from our international corporate responsibility requirements and expectations, which are included in every contract.

In 2019, we successfully piloted this approach with our banana suppliers. Since then, we have expanded the evaluation to include pineapple suppliers in 2020, avocado and citrus in 2022, and mangoes in 2023. Our commitment is to source 80% of our buying volume from high-risk supply chains from A and B rated suppliers as part of a stepwise approach over the coming years.

5.1.2 ALDI Sustainability Assessments

We conduct our own sustainability assessments on farms and packhouses in relevant countries of origin to verify how the producers work in our supply chain and implement our <u>ALDI Business Partner Sustainability Standards</u>. This allows us to carry out spot checks and ensure compliance.

5.1.3 Dialogue with suppliers and producers

Our Buying and Sustainability Team, in collaboration with our suppliers and representatives of our sustainability standards, Rainforest Alliance and Fairtrade, regularly visit banana producers in key producing countries such as Ecuador and Guatemala. We have constructive dialogues that contribute to a better mutual understanding of the existing challenges along the banana value chain.

5.2 Human Rights

We are committed to respecting human rights and improving living and working conditions throughout our supply chains.

5.2.1 Human Rights Risk Assessment

We regularly conduct human rights risk assessments to examine the risks within our food and agricultural supply chains. The purpose of these assessments is to identify any adverse impacts our company may have on human rights, gain insights into our actual impacts, and understand how we may be involved through our own activities or as a result of our business relationships.

The ALDI SOUTH Group has identified tropical fruit as a high-priority product category in its risk assessments due to the high risk of adverse human rights impacts and significant buying volumes.

5.2.2 Human Rights Impact Assessment

We are developing specific measures to prevent or mitigate adverse human rights impacts identified during our risk assessments. The ALDI SOUTH Group has committed to conducting comprehensive human rights impact assessments (HRIAs) that follow a stringent methodological approach that includes extensive background research and engagement with rightsholders. The HRIAs help us identify, understand and evaluate the potential and actual adverse impacts of our business activities on workers and other affected rightsholders, such as community members, smallholder farmers, and women. So far, we have published the results of three HRIAs on selected high-priority raw materials, including avocados. For more information, read our full Human Rights Impact Assessment Report: Avocados from Peru.

For further details on all our commitments and key standards, please refer to our <u>Human Rights Factsheet</u>.



6 STAKEHOLDER DIALOGUE & CAPACITY BUILDING

We believe the most effective way to safeguard both people and the environment is through collaborative initiatives and partnerships. Therefore, we work closely with our suppliers and participate in multi-stakeholder initiatives.

6.1 Alliance for Water Stewardship

In 2019, the ALDI SOUTH Group became a member of the <u>Alliance for Water Stewardship (AWS)</u>, a global initiative that promotes good water stewardship through the <u>International Water Stewardship Standard (AWS Standard)</u>. We are collaborating with the AWS and its members to encourage responsible water use and good water stewardship in our supply chains.

6.2 Ethical Trading Initiative

The ALDI SOUTH Group's hard work in implementing human rights policies and processes has allowed the move from the foundation stage to become a full member of the Ethical Trading Initiative (ETI) in July 2022. This full membership shows that ALDI's efforts to trade ethically and to making a positive difference to workers' lives are being recognised. ETI is a global alliance of companies, trade unions, and NGOs that promotes respect for workers' rights. Our ALDI Business Partner Sustainability Standards align with the ETI Base Code.

Working together

Since joining ETI, the ALDI SOUTH Group has become a member in several working groups:

- Italian Agriculture Working Group to establish an Italian Ethical Trade Forum in order to address social and environmental challenges facing Italian agriculture particularly related to the cultivation of produce. The work of the Italian Agriculture Working Group started in 2019 and has been concluded in 2023, but it will be continued as part of another workstream.
- Peruvian Horticulture Working Group to engage with key stakeholders both local and international - and including workers - to identify and implement collaborative action plans, which address poor working conditions and improve the lives of vulnerable workers.

Over the next five years, the ALDI SOUTH Group intends to address issues within its high-priority supply chains via a number of measures.



6.3 German Retailer Working Group on Living Income and Living Wages

As a member of the German Retailer Working Group on Living Income and Living Wages, established by the <u>German Society for International Cooperation</u> (Deutsche Gesellschaft für Internationale Zusammenarbeit – GIZ), our aim is to support and promote the establishment of an income and wage standard that covers the cost of living in global agricultural supply chains.

In 2020, we joined forces and aligned our approach with others to increase leverage and maximise our impact. Our goal is to ensure that farmers and workers in global agricultural supply chains have a decent standard of living. The German Retailer Working Group on Living Income and Living Wages aims to coordinate and implement joint activities. Its focus is on assessing living wage and living income gaps and piloting approaches to close them.

ALDI SÜD has committed to implementing living wages for at least 50% of bananas sold in Germany by 2025 in cooperation with the German Retailer Working Group on Living Income and Living Wages.

6.4 IDH - The Sustainable Trade Initiative

The <u>Sustainable Trade Initiative</u> (IDH) brings together governments, businesses, civil society organisations, and financiers in action-driven coalitions. IDH coordinates the powers of law, entrepreneurship, and investments to create sustainable solutions on a global scale. The ALDI SOUTH Group joined in 2019.

6.5 World Banana Forum

The <u>World Banana Forum (WBF)</u>, coordinated by the Food and Agriculture Organisation of the United Nations, aims to promote the worldwide adoption of best practices for sustainable banana production and trade. It provides a platform for retailers, importers, producers, exporters, consumer associations, governments, research institutions, trade unions, and civil society organisations to discuss the challenges facing the banana sector and find solutions. The ALDI SOUTH Group joined as a member in 2017.

6.6 Waste & Resources Action Programme

The Waste & Resources Action Programme (WRAP) is a climate action NGO that works globally to address the root causes of the climate crisis and promote a sustainable future for the planet. Established in the UK in 2000, they now have operations in over 40 countries.

WRAP's <u>Courtauld 2030 Water Roadmap</u> outlines a vision and key pathways to address the challenges of protecting critical water resources for food supply, nature, and local communities. As part of ALDI's commitment to the WRAP Water Roadmap, we have set a target to source 50% of our UK fresh food from areas with sustainable water management by 2030. We also support a <u>water project in southern Spain</u>, as well as <u>UK-based water projects</u>.

6.7 Alliance for Grievance Mechanisms in Supply Chains – Appellando

Appellando is a multi-stakeholder framework that aims to harmonise grievance mechanisms worldwide and organise solutions with partners to better protect human rights and the environment in supply chains. Appellando's mission is to ensure that every worker and rightsholder can access help through trusted channels. The ALDI SOUTH Group joined the newly established alliance in 2023.











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Please visit <u>sustainability.aldisouthgroup.com</u> for more information on our international corporate responsibility activities.